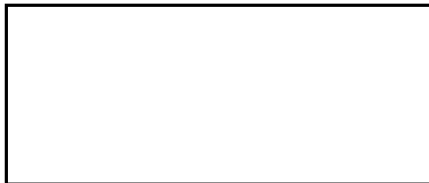


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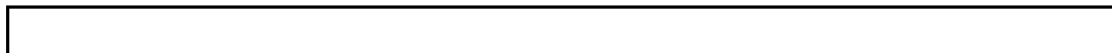
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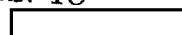
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CONTENTS

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3. Brazil: Award of decoration to Cuba's Che Guevara triggers domestic protests against Quadros' "increasingly leftist policy." (*Page ii*)
 4. Cuba-Argentina: Che Guevara conciliatory in meeting with Frondizi; latter apparently weathering internal crisis resulting from Guevara's visit. (*Page ii*)
 5. Bolivia: Armed forces considering move to oust regime of President Paz. (*Page iii*)

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Brazil: President Quadros' award of Brazil's highest decoration to Cuba's Che Guevara on 19 August has caused a number of domestic protests. A leader of the protest movement, according to the American Embassy, has been Carlos Lacerda, a key state governor who has been outspokenly anti-Communist. Lacerda's views are supported by Brazil's top military leaders, who are reportedly discussing measures to curb what they regard as the "increasingly leftist policy" of Quadros. Quadros evidently considers the situation serious and came from Brazilia to Rio de Janeiro on 19 August for meetings in which he is attempting to settle his differences with Lacerda and others. [REDACTED]

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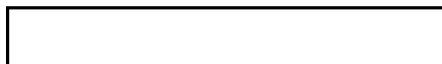
Argentina-Cuba: [The 18 August interview between Che Guevara and Argentine President Frondizi, which sparked strong protests from the Argentine military, appears to have been another gambit in Havana's current effort to demonstrate the "reasonableness" of its position and to head off proposals for collective inter-American action on the Cuban problem. Guevara's interview closely paralleled the 9 August conversation with Fidel Castro which led Colombian Foreign Minister

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22 Aug 61

DAILY BRIEF

ii



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[Turbay privately to imply there may be some hope that Cuba would be amenable to the influence of other Latin American governments. Frondizi, as well as Turbay, has been in the forefront of Latin American discussion on proposals for collective action against the Castro regime. American Ambassador Rubottom feels that Frondizi, who now appears to have weathered the crisis with the military brought on by his meeting with Guevara, may have considered that this calculated risk was justified by the possibility of playing a role in "rescuing" Cuba from the Soviet embrace.]

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(Backup, Page 7)

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Bolivia: [Leading officers of the Bolivian armed forces feel that within the next three to six months it will be necessary to oust the government of President Paz Estenssoro and form a military junta, according to an emissary from General Ovando, the commander of the army. Ovando's representative said that the political and economic situation in the country was worse than it had been since 1952 and that the President had "lost control of the situation."]

[Bolivian governments since the 1952 revolution have depended on rivalry among the armed forces, the police, and the workers' militia to prevent the overthrow of the government. The officer corps of the armed forces is more conservative than the other armed groups. The Bolivian Government's reluctance to strengthen the armed forces substantially in relation to the other two groups is likely to be reinforced by any knowledge of a plan by the armed forces for revolution. The armed forces are not believed capable at present of taking control of the country and installing a successor to President Paz.]

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(Backup, Page 9)

22 Aug 61

DAILY BRIEF

iii

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Next 5 Page(s) In Document Exempt

Brazilian President's Decoration of Che Guevara

President Quadros' award of the Grand Cross of the Order of the Southern Cross to Cuban economic czar Che Guevara is described by a large and influential Brazilian newspaper as an insult to Brazil and "the last straw" when added to Quadros' award of the same decoration to Yuri Gagarin and to the head of a Soviet "good-will mission" which recently visited Brazil.

The most important military leaders--War Minister Denys, Armed Forces Chief of Staff Cordeiro Farias, Air Minister Grum Moss, and former presidential candidate Marshal Lott--are reported meeting to discuss measures for curbing President Quadros. The evident concern of these leaders probably indicates that Quadros is faced with the possibility of ouster from office within the next few months if he does not modify his foreign policy.

Protest against Quadros' foreign policy may be strengthened by the release on 18 August of the Brazilian President's reply to a recent message from the Soviet Council of Ministers. In that reply Quadros stated that Brazil was pleased with the Soviet Union's recognition of Brazil's "active and independent" presence on the international scene. Non-Communist Brazilian leaders may also be alarmed by a New China news dispatch printed on 19 August giving a text of Vice President Goulart's speech in Peiping warmly praising Communist China, which "shows how a people. . . can free itself from the yoke of its exploiters." In addition, a North Korean mission headed by the vice premier arrived in Rio de Janeiro on 18 August on a Cuban plane to negotiate trade and cultural agreements with the Brazilian Government.

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Argentine President's Talk With Che Guevara Sparks Military Protest

President Frondizi's meeting with Che Guevara led the Argentine military to increase their pressure on the President. Frondizi subsequently met with all the military chiefs. While it is possible that Frondizi may again alter his cabinet--by replacing the foreign minister or his deputy--it is unlikely that the military will attempt to oust him. Frondizi can be expected to continue carrying out his economic stabilization plan and his pro-West foreign policy.

The strike of railway workers, which began on 21 August, was expected earlier; but the workers postponed their strike at the time of the 11-12 August "pocket revolt." They are striking because of Frondizi's reorganization plans for the railways which would bring about the discharge of many thousands of workers. A four-day general strike, which according to rumor is to take place in the near future, could hinder Frondizi's economic program but would not seriously affect its long-range goals.

President Frondizi appeared anxious to inform the US about his interview with Guevara, all the more so because of the domestic pressures it sparked. The Argentine deputy foreign minister, acting on Frondizi's instructions, told the American ambassador that Guevara asked for nothing but limited himself to explaining Cuba's position. Guevara told Frondizi that Cuba has no intention of entering into military arrangements with the Soviet Union and that relations are "strictly commercial." This statement ignores the fact--of which Frondizi is aware--that Cuba has received bloc military equipment and training. In any case, the decision on a military alliance is hardly Cuba's, since it is unlikely that the Soviet Union would formalize its vague promises to Cuba in any kind of mutual defense pact.

Guevara told Frondizi that Cuba wants to remain in the "inter-American family" and would like to negotiate its "problems" with

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the US. He also pledged that Cuba would not seek to export its revolution.

The Cuban leader told Frondizi that the Cuban economic situation is "bad," an admission that probably explains one motive in Cuba's current conciliatory line. The Cubans are convinced that any collective inter-American action against Castro would include some kind of economic sanctions. The Argentine deputy foreign minister said he feels that the Cubans are "sparing nothing" in their efforts to head off a meeting of American foreign ministers on the Cuban problem. [REDACTED]

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Bolivia

The Bolivian Army representative's gloomy appraisal of the economic and political situation is backed by evidence of unrest in each of Bolivia's four major cities. In the eastern province of Santa Cruz, army units on 19 August clashed with militia under political boss Luis Sandoval, whose nearly autonomous control of the provincial capital was ended by armed forces, who took over in a surprise move on 2 August. In the 19 August fighting at least four were killed and 20 to 100 injured; 200 or more are reported under arrest. In Cochabamba, Bolivia's second largest city, the general strike which began 15 August continues. In Oruro, Bolivia's mining center, factory-union leaders joined university elements and La Paz labor leaders in a hunger strike. The protest movements in these cities seek release from jail of approximately 30 Communist labor leaders.

President Paz has stated that he will not release the prisoners during the 90-day state of siege which began on 7 June. He apparently hopes that the "triangular operation," a rehabilitation program for the mines which is backed by the Inter-American Development Bank and the governments of the United States and West Germany, can be launched during this period.

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